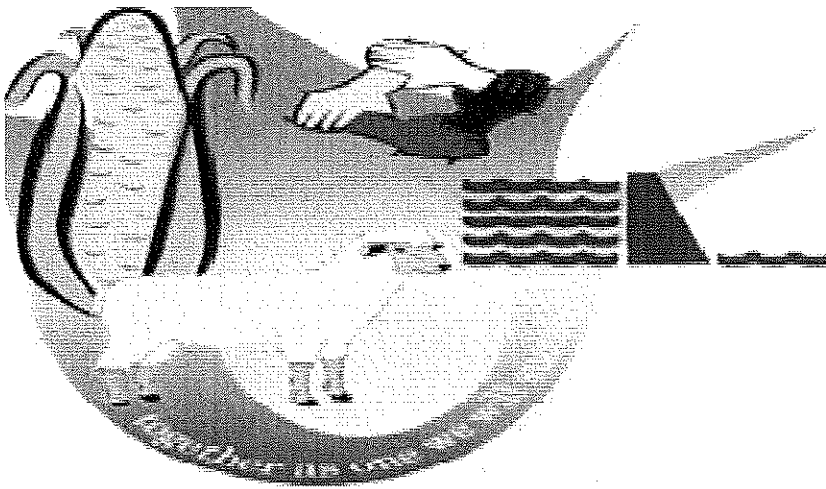


2017/2018

Annual Report of Renosterberg Municipality



DRAFT REPORT

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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

The challenge to Local Government seems to be increasing and being more complex every year. However, I can say without fear that Renosterberg Local Municipality has strived in the 2017/18 financial year towards improvement. Renosterberg Local Municipality received a qualified of audit opinion in the 2016/2017 financial year.

It is the nature of debate in Council that there will be differences of opinion and often heated exchanges but as long as there is respect for the rules and traditions of Council, Council will function in an orderly and efficient way. I believe that this was indeed the case in Renosterbeg Local Municipality in the year under review and I would like to thank each and every one of our Councillors for their contribution towards achieving this desirable state of affairs.

No changes to Council took place during 2017/18 financial year. This stability has allowed everyone settle in well. The Municipality top structure needs stability. We failed to appoint Municipal Manager, Chief Financial Officer, Corporate Head and a Technical Head.

Renosterberg Local Municipality continue to feel the effects of the adverse economic climate and it was inevitable that the municipality would be affected as well. It resulted in rising costs from which the Municipality was not spared.

Renosterberg Local Municipal needs to implement strict financial discipline, including strict budgetary control and attention to revenue collection. SALGA reported to Parliament that the collection rate of 90%-95% is required for Municipal sustainability. The collection rate of Renosterberg Local Municipality is far below the required collection rate.

One of the main reasons for the failure of so many Municipalities in South Africa and the resultant collapse of service delivery is the non-payment of rates and services. No Municipality can function effectively and meet its Constitutional mandate without acceptable levels of income from rates and taxes.

The 2018/19 budget was approved on 29 May 2018. Rates and tariffs increased in line with the inflation rate.

The 2018/19 budget contained some good news for pensioners as well as indigent households. Indigent Households continue to receive 6 kilolitres of water free and pay no basic fee on water. Indigent Households also receive 50kWh of electricity free per month. They also don't need to pay for sewerage and refuse services and do not pay Property rates on the first R25 000 valuation of their property.

With regard to Municipality's overall financial position, it remains a cause for concern. The Municipality does not have enough resources to pay their creditors in 30 days as required by the MFMA.

I would like to conclude by thanking my fellow Councillors as well as the acting management and employees of Renosterberg Local Municipality for your co-operation during the year. We need to be positive and I need your loyal support in very challenging environment.

Thank you.

Signed by

J Olifant (Mayor)

A handwritten signature in black ink, appearing to be 'J Olifant', is written over a horizontal line. The signature is stylized with a large loop and a trailing flourish.

COMPONENT B: EXECUTIVE SUMMARY

1.1. ACTING MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

Renosterberg Local Municipality's Annual Report for the 2016/2017 financial year was compiled in line with the Local Government Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, as well as other legislation which governs local government.

The 2017/2018 Financial Year audit outcome is still outstanding due to Annual Financial Statements that is outstanding, 2016/2017 financial year is a qualified opinion with the same opinion in 2015/16 financial year. Efforts to reduce the qualifications are implemented. The municipality is currently stable and that substantial progress has been made since 2014/2015. The audit strategy of the external auditors will however change substantially for the audit of year under review due to the implementation of mSCOA.

The municipality has implemented mSCOA with the assistance of the service provider and is 90% compliant. The service provider however has given us the assurance of total commitment in order to be 100% compliant.

An Organogram with job descriptions that was task evaluated is still in process to be completed. Attention was on outstanding financial issues of the previous year and we are in process of addressing it due our financial constraints. Various policies were revised, rewritten and approved. Attention was given to infrastructure within the budget of the municipality. The Medium Term Strategic Framework states that improvements in Service Delivery have to be complimented by effective accountability to the community.

In line with the Batho Pele Principles, which serves to ensure effective and efficient service delivery, it is therefore critical to identify areas that need improvement in order to serve all communities with integrity and excellence.

Management wish to express its appreciation to the political leadership for the opportunities that they gave us to serve the people of Renosterberg local Municipality. The personnel's efforts in implementing the municipality's mandate, contribute to make a difference in the quality of the lives of our community.

Give the reasons and the effects. The Municipal Manager to briefly describe changes resulting from demarcation process and assignment of functions to the municipality, if any.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Municipal System Act, Act 32 of 2000 states that:

- A Municipality is a state of organ within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government Municipal Demarcation Act, 1998
- It consist of -
 - * The political structure and
 - * Administration of the municipality and
 - * The community of the municipality

As stated by the act above, the Municipality represent the interest of the community and must take decisions that are reasonable and in the interest of the community. Municipalities cannot take decisions if the following issues are not taken into consideration. The IDP and the Budgeting processes are affected by the following issues.

(Stats SA served as the source of information for the information)

Renosterberg Local Municipality consist of Petrusville, Philipstown and Vanderkloof and surrounding rural areas.

The Municipality falls in the jurisdiction of Pixley Ke Seme District Municipality.

Houses	* 2698 (Households serviced)
Households billed	* 2928
Population	* 10977 (Census 2011)
Registered Ervin	* 6728
Total Households	* 3563 (Including Rural areas)
Indigents as @ 30/06/2016	* 580

Renosterberg Local Municipality is divided into 4 Wards.

	Total Population	% of Total Population per Ward	Correct amount of houses as per financial sytem	Average people per household	Average amount of registered indigent households on average for 2017/18	Housing backlog as at 2017	Backyard dwellers as per IDP 2016/17
Total Population	10977	100%	2928		800	450	65
Ward 1 - Philipstown	3363	31%	988	3.40%	190	50	20
Ward 2 - Petrusville	5211	48%	1120	4.70%	580	300	45
Ward 3 - Renosterberg NU	1176	10%	230	5.10%	3	0	0
Ward 4 - Vanderkloof	1227	11%	590	2.07%	27	100	0

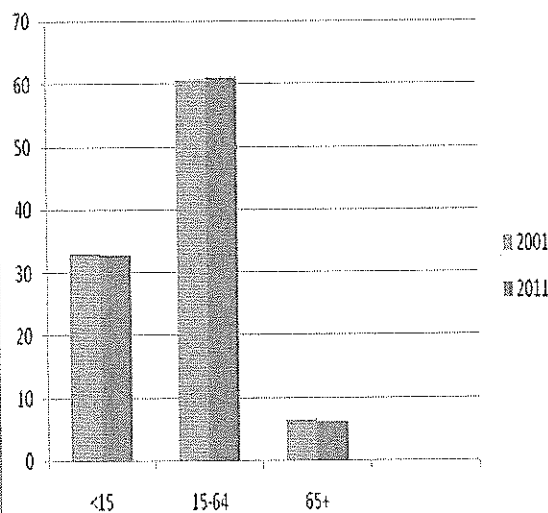
POPULATION DISTRIBUTION IN RENOSTERBERG LOCAL MUNICIPALITY

Philipstown: 31%
 Petrusville: 48%
 Non Urban areas (Rural): 10%
 Vanderkloof: 11%

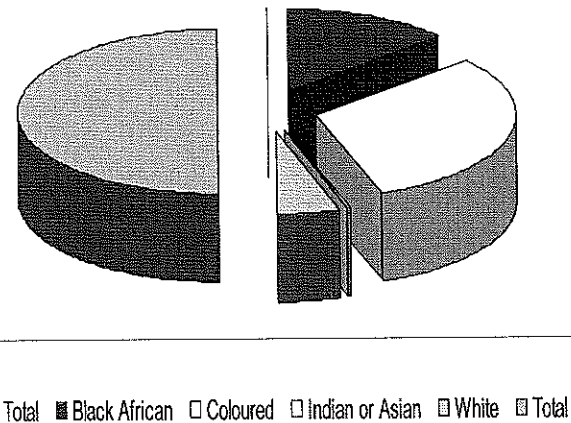
It is evident that the most significant portion of Renosterberg Local Municipality urban population resides in Petrusville.

The age distribution of a population is important because the largest age group inevitably indicates its own demands on the market. A large number of residents are still dependent on government grants. This tendency in itself has a negative influence on the payment of services and total approximately 800 households are subsidized by the service subsidized scheme monthly.

The Renosterberg Local Municipality population can be regarded as having a high **dependency ratio**. With 6.2% of the population over the age of 65 and 32.8% under 15 years. The latter group will be demanding education, housing and jobs in the near future. Renosterberg Local Municipality gender distribution is 49% Male and 51% Female.

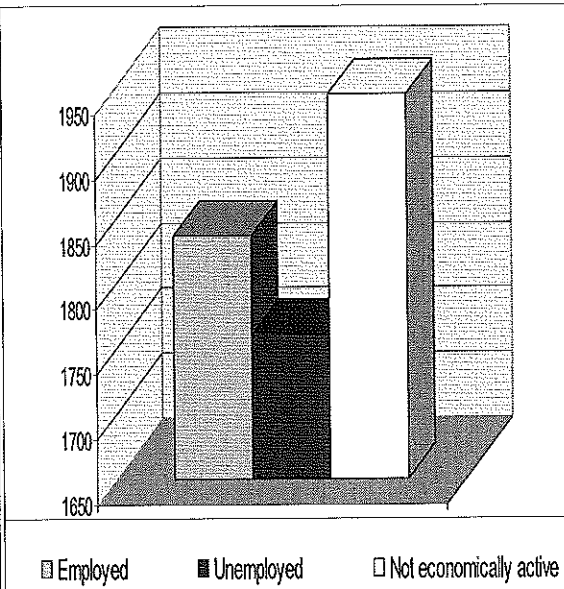


Population growth per age group

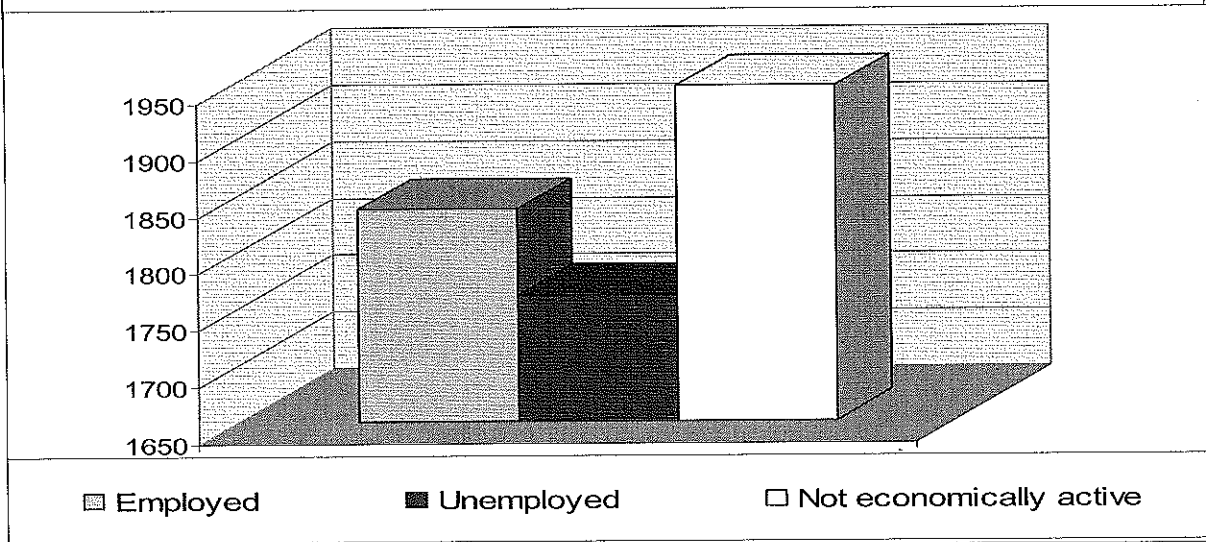
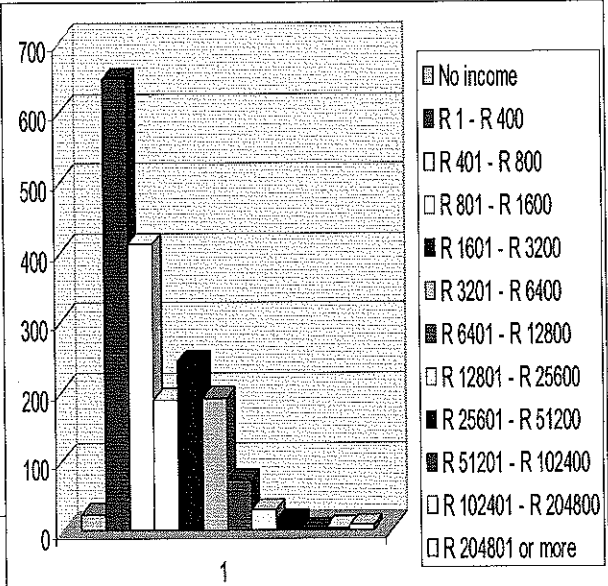


Population by Race. (StatsSA2011).

Employment Status: Source StatsSA2011



Household Income



1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Renosterberg local Municipality deliver services to Petrusville, Philipstown, Vanderkloof Dam and surrounding farms.

ELECTRICITY

- The Municipality supply electricity to Vanderkloof Dam and part of Petrusville and Philipstown. A part of Renosterberg and Philipstown and the rural areas are serviced by ESKOM.

WATER

- All households in Renosterberg Local Municipality area have access to basic water.

SANITATION

- All Households in Renosterberg Local Municipality area have access to basic sanitation.
- Some erven are still equipped with sewerage drains and sewerage is removed with the sewerage removal truck.
- Some of the erven in all three towns are connected to a waterborne sewerage system.

ROADS

- Renosterberg Local Municipality is only responsible for the Maintenance of certain secondary roads in three towns.
- The main roads in the three towns as well as the roads in the rural area are provincial proclaimed roads.

LANDFILL SITE

There are landfill sites in each of the three towns and needs to be upgraded in the future to comply with regulations and to the specific conditions of the licenses.

SERVICE DELIVERY CHALLENGES FACED BY THE MUNICIPALITY

The major challenge is to address the housing backlog as well as the backyard dwellers in all three towns.

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

AUDITOR GENERAL REPORT

The Auditor General Report on 2017/18 Financial year is still outstanding. The Annual Financial Statement for the year 2017/18 is outstanding. Due to the following reasons: (1) Historical non submission legacy which we are trying to correct. (2) No permanent senior Managers (Section 56/57). (3) Have been part of the Municipal Support Programme led by Provincial Treasury.

COMMENTS ON THE ANNUAL REPORT PROCESS

The Annual Financial Statements for the 2017/18 year are still outstanding. The Municipality does not have a Performance Management System in place but is dealing with this matter in the 2018/2019 financial year.

FINANCIAL			OVERVIEW
Financial Overview - 2017/18			
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	29,079,000	27,817,000	26,274,000
Taxes,levies,tariffs	15,709,000	12,091,000	7,489,000
Other	1,424,000	160,000	701,000
Sub Total	46,212,000	40,068,000	34,464,000
Less Expenditure	40,612,000	34,723,000	44,679,000
Net Total	5,600,000	5,345,000	-10,215,000

Operating Ratios		Actuals
Detail	%	Amount
Employee Cost	39%	17,386,000
Repairs and Maintenance	4%	1,580,000
Finance Charges	3%	1,253,000
Impairment	12%	5,356,000
Genreal Expenditure	43%	19,104,000
Total Expenditure		44,679,000

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

A Total of 109 permanent employees with an Acting Municipal Manager, Acting CFO and Acting Director of Corporate are employed by Renosterberg Local Municipality. The Organisational Structure was reviewed in 2018/19 financial year and approved.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2017/18

No Auditor General Report issued as yet for the year under review

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Selected personnel submit draft annual report information to admin. Officer for compilation of Draft Annual Report before 10 th of the month.	
6	Audit/Performance committee considers draft Annual Report of municipality and	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October

12	Municipalities receive and start to address the Auditor General's comments	November - December
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Final Annual report tabled to Council	January - February
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Legislative frameworks assign policy-making to politicians while the administration section of local government is tasked with implementation. Renosterberg Local Municipality (NC075) is comprised of 5 Ward Councillors and 2 proportional Representatives. The Council has plenary system and the Mayor is the Speaker/Chairperson of the Council. Council conducts its affairs through a portfolio committee.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Mayor provides general political guidance over the fiscal and financial affairs of the Municipality. The Mayor of Renosterberg Local Municipality chairs the proceedings of Council and performs duties, including any ceremonial functions and also exercises powers delegated to him by the Municipal Council. The Municipality consists of 3 Committees namely: Corporate Services, Finance and Technical Services.

The Mayor Chairs the finance committee and the other committees are Chaired by different Councillors. Committees are presented as follows: The Municipality is headed by the Municipal Manager and two other senior Managers who headed the Finance and Corporate departments.

The Municipality further established a oversight committee (MPAC), who performs an oversight function on behalf of the Council.

The Municipality function without an Audit Committee and currently make uses of shared services from the District Municipality.

Political decision taking

Committees of the Municipality sit with reports from administration and these committees consist of a Chairperson and the Head of the Department. Committees deliberate over the the reports and recommend to Council for approval.

Photos

POLITICAL STRUCTURE

MAYOR

J Olifant

CHIEF WHIP

CLLR ME Bitterbos

Photos (optional)

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

CLLR F Jantjies

CLLR J Niklaas

CLLR H Booyesen

CLLR E Bekkers

CLLR M Posthumus

Delete Directive note once change is completed - Delete

Mayoral/Executive Committee as appropriate

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the head of administration and is also responsible for the policy directions the Municipal Council and also accountable for:

The formation and development of an economical, effective, efficient and accountable administration.

Carrying out the task of implementing the Municipality's integrated development plan in accordance with Chapter 5 of the Municipal Systems Act 32 of 2000.

Manage the Performance Management System of the municipality in accordance with Chapter 6 of the Municipal Systems Act 32 of 2000.

Responsible for community needs and make sure that the community participates in affairs of the municipality,

Manage the provision of services to the local communities in an equitable and sustainable manner.

The appointment of staff other than those referred to in section 56.

Discipline of staff.

Manage communication channels between the municipality's administration and its political structures and political bearers.

Carry out decisions of the political structures and political office bearers of the municipality.

Responsible for all income and expenditure of the Municipality, all assets and the Discharge of all liabilities of the Municipality.

Proper and diligent compliance with the Municipal Finance Management act and all other Acts that govern Local Authorities.

<i>Photo</i>	TOP ADMINISTRATIVE STRUCTURE	Function
	TIER 1	
	MUNICIPAL MANAGER	
	Mr. S Dick (Acting)	
<i>Photo</i>		
<i>Executive</i>		
<i>Directors</i>		
<i>Directors</i>	EXECUTIVE DIRECTOR:	CORPORATE
<i>Optional</i>	SERVICE	
	MS. T HLANGJWA (Acting)	
	CHIEF FINANCIAL OFFICER	
	MS. G September (Acting)	
	EXECUTIVE DIRECTOR: Technical Service	
	Mr. S Dick (Acting)	

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

1. The Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) states that the role of the National Intergovernmental Forums is: To raise matters of national interest within that functional area with provincial governments and, if appropriate, organized local government and to hear their views on those matters
2. To consult provincial governments and, if appropriate, organized local government on-
3. The development of national policy and legislation relating to matters affecting that
4. functional area.
5. *The implementation of national policy and legislation with respect to that functional area.

6. The co-ordination and alignment within that functional area of strategic and performance plans and priorities, objectives and strategies across national, provincial and local governments.
7. The co-ordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the provincial government and local government in the province

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

As stated by Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005), the role of the Provincial Intergovernmental forums are:

1. The implementation in the province of national policy and legislation affecting local government interests.
2. Matters arising in the Presidents co-coordinating council and other national intergovernmental forums affecting local government interests in the province.
3. National policy and legislation relating to matters affecting local government interests in the Province.
4. The co-ordination of provincial and municipal development planning to facilitate coherent planning in the province as a whole.

DISTRICT INTERGOVERNMENTAL STRUCTURE

According to the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005), the role of the District Intergovernmental forums is:

- To serve as a consultative forum for the district municipality and the local municipalities in the district to discuss and consult each other on matters of mutual interest including-
- Draft national and provincial policy and legislation relating to matters affecting local government interests in the district.

CURRENT STRUCTURES IN PLACE

Meetings and interactions on the following levels are regularly attended to enhance the Municipality regarding National and Provincial Government Policies and practices.

- Work closely with District Municipality, Provincial Government and SALGA to finalize the Provincial Urban Development Framework.
- Rollout of National Local Government anti-corruption strategy to all Municipalities and coordinate the implementation of the strategy at a local level.
- Support regarding implementation of the Municipal Property Rates Act.

Support Municipality to comply with MFMA priority areas for implementation.

- The Provincial IDP engagement process and ensure alignment with LED strategies of Municipalities and PGDS.
- Alignment of all sector plans with the PGDS and IDP's and the NSDP so as to meet servicedelivery targets.
- District to align sector plans i.e Housing and MIG and Municipalities IDP.
- Alignment of LED with District LED and the Provincial PGDS.
- Regular Back 2 Basics Reporting to the District since February 2015 as well as bi-annually reporting.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Procedures for community participation processes as set out in legislation adhered to by timeously giving out meeting notices. The Council had meetings on the various towns with community meetings the previous night with before the Council meetings.

The municipality has made special efforts to enhance communication with the general public through various organized structures. The relationship with organized NGO's such as local ratepayer's associations has improved drastically during the 2016/2017 & 2017/18 financial year and regular meetings are being held to discuss matters of mutual interest. Council has endeavoured to meet its legal obligations with regarding public participation with special reference to the following meetings which were held:

- IDP meetings
- Budget meetings

Ward Committees were established; however, unfortunately there were only three wards that held a few meetings. Timeous distribution of Council agendas resulting in an almost 100% attendance of scheduled meetings. Unfortunately due to financial constraints the Municipality is not in position to set up its own Website.

COMMUNITY DEVELOPMENT WORKERS

CDW's deployed.

- There are 5 CDW's in Renosterberg Local Municipality. Three in Petrusville, 1 in Philipstown and one in Vanderkloof.
- There is a fairly good relationship with them and they are mainly being utilized to promote communication between Council and the public.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Partial in process
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	No it will be address going forward
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Municipalities must exercise their executive and legislative authority within a system of co-operative government as outlined in Section 41 of the Constitution.

The corporate governance component is clearly identified and prescribed in the Municipal Systems Act as well as the Municipal Financial Management Act. The following sub-components are highlighted:

2.6 RISK MANAGEMENT

A risk Policy Framework was established during the 2018/19 financial year and must be approved by Council and implemented by the Municipality.

2.7 ANTI-CORRUPTION AND FRAUD

The municipality has a Fraud and Anti-Corruption Strategy in place which and will be revised in 2018/2019. A Disciplinary Board is nonexistent. The Municipality also doesn't sit on any disciplinary Board.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management (SCM) is necessary to ensure a sustainable and accountable supply chain that promotes black economic empowerment and local economic development. The drafting and implementation of both an SCM policy and procedures have ensured that the processes are fair, equitable, transparent, competitive, environmentally friendly and cost effective, in accordance with the rules and regulations from the different spheres of government.

The municipality is currently operating a centralized SCM unit meaning that all procurement processes are dealt by the supply chain unit, which will promote and enhance an open and fair tendering process to all suppliers, regardless of the particular communication media that they may have access to. This system will level the playing field for all suppliers and also ensure that the amount of irregular expenditure will be minimized.

COMMITTEES

The Municipality has established the following bid committees in May 2015:

Opening of tenders:

At least two officials must be involved in the opening of tender documentation.

Administration SCM Officer (F Hanisi)

Finance Admin. Officer (J Olyn)

Bid specifications committee / Section 27

Finance Income Clerk (Ryan Bezuidenhout)

Finance	SCM Officer (F Hanisi)
Technical	Acting Technical Manager (S Dick)
Administration	Admin Officer (J Olyn)

Bid evaluation committee / Section 28

Section 28(2) A bid evaluation committee must as far as possible be composed of at least one supply chain management official.

Finance	SCM Officer (Chair) (Chair)
Finance	Payment Officer (G September)

Finance	Asset Officer (F Kwinana)
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Bid adjudication committee / Section 29

Section 29(2) A bid adjudication committee must consist of at least four senior managers and must include-

(Renosterberg Local Municipality only has a Municipal Manager and a CFO and a Director: Infrastructure. We do not have enough senior managers to attend to this Committee and therefore have to use other personnel)

Finance	Income Clerk (R Bezuidenhoudt)	Compulsory
Finance	Payment Officer (G September)	Compulsory
Technical	Acting Technical Manager (S Dick)	Compulsory
Administration	Admin Officer (J Olyn)	

Any possible conflicts of interest are declared at all bid committee meetings, by means of a signed register and a declaration form.

IMPLEMENTATION OF MBD DOCUMENTS

All municipal bid documents (MBDs) are in place in compliance with MFMA Circular 25 and include specifications and evaluation criteria as recommended by the specification committee. All tenderers must complete MBD 4, MBD 6, MBD 8 and MBD 9 and must be registered on the CSD and on the Municipal Suppliers database for compliance.

Challenges: Service providers not completing all municipal bid documents, and quoting not according to the specifications.

Proposed solution: Educate service providers on the importance of completion of municipal bid documents by holding workshops in 2017/2018 and in the coming years.

Challenges: Not enough suppliers on the database.

Proposed Solution: Advertise via National newspapers and our website as well as other websites for suppliers outside of Renosterberg Local Municipality area of jurisdiction. Amend the policy to elaborate on the deviations.

Challenges: Not enough staff on current personnel structure to adhere to Regulations prescribing the amount of members per bid committee. Renosterberg Local Municipality cannot afford to appoint an extra senior manager for the sole purpose of complying with the bid committee regulations. Proposed

solution: Renosterberg Local Municipality will apply to the AG to accept our necessary steps taken to adhere as far as possible to comply with correct awarding of tenders due to a short in personnel.

SUPPLIER DATABASE

The Municipality has developed and implemented a database of suppliers. Adverts are placed annually in the newspapers and on the website to invite suppliers to register on the municipal database. Service providers may however register on the database at any stage as there is no closing date for registration. New legislation and regulations shows that it is not compulsory for a municipality to have a supplier database anymore however we do keep a database for ease of reference.

2.9 BY-LAWS

None by-law was adopted by Council during the year under review.

The Municipality have various policies in place. However, to date only few policies have been promulgated as by-laws. However processes take long and community input are being obtained.

The following By-Laws will be promulgated in 2017/2018:

- Keeping of animals
- Tariff By-Law
- Credit Control By-Law
- Property Rates by-Law
- Nuisance By-Law

2.10 WEBSITES

MUNICIPAL WEBSITE CONTENT AND ACCESS:

Due to Financial constraints Renosterberg Local Municipality is not able to set up a web page.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFECTION LEVELS

The Municipality has difficulty with the following services due to lack of sufficient funds to attend to all the necessary maintenance:-

- Electricity
- Water supply
- Road maintenance

The upgrading of these three services will reduce the amount of complaints by the general public. The municipality is currently utilizing the funds received through the EPWP program to repair potholes in all three towns and cleaning of towns. A MIG Grant are utilize for paving of streets in all three towns.

COMPLAINTS REGISTER

A Complaints Register have been instituted at all three towns' offices where the public can write down their complaints and which are being addressed accordingly on a weekly basis. It is being followed up regularly.

2.12 PERFORMANCE MONITORING OF SERVICE PROVIDERS AND CONTRACTORS

The Performance of Service Providers such as Consultants and Contractors should also be monitored and were a discussion point during the Audit period from August 2017 – November 2017. It was found that more effective controls should be put in place to monitor the performance of all service providers and contractors. As Contractors and Service Providers were mostly appointed on Grant Funding Projects and Infrastructure projects monthly reporting to the Provincial Departments was a legal requirement which our municipality fully complied with. All reporting were done on time and quarterly meetings with the Section Departments as well as monthly site meetings with contractors assisted in contractors' performance being measured. However, more effective measures and controls will be put in place.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The council has spent the following amounts in the last five years on projects in the municipality:

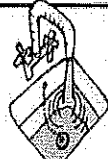
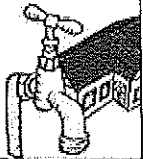
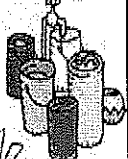

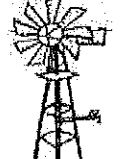

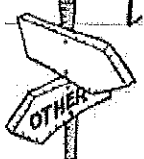
1. Development of sites and building of subsidize housing: Philipstown (R15 557 000)
2. Development of sites and building of subsidize housing: Vanderkloof (R2 350 000)
3. Construction of Roads (EPWP): Petrusville & Philipstown (R3 700 000)
4. Upgrading of Electrification Network: Petrusville, Philipstown & Vanderkloof (R2 500 000)
5. Upgrading of Gravel Streets: Philipvale (Philipstown) (R4 208 200) - Completed
6. Upgrading of Sports Grounds: Philipstown (R3 100 000)
7. Upgrading of the Water Network: Vanderkloof (R7 900 000)
8. EPW Projects 2017/18: Street maintenance in all three towns: R1 000 000.

These projects were all part of the IDP that was communicated to the community. The municipality appoints people from of the community on all the various projects like EPWP projects.

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

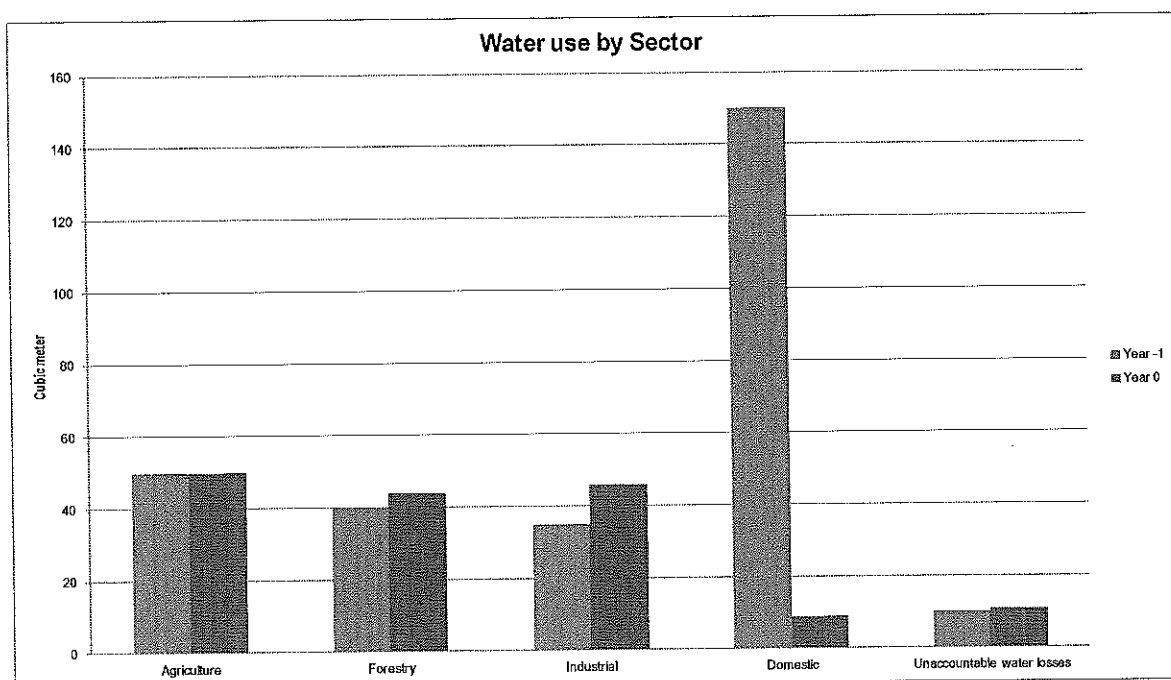
Vanderkloof dam is the main water supply source. Water is withdrawn from an irrigation canal on the eastern banks of the Orange River near Vanderkloof dam. Four identical pumps withdraw raw water from the irrigation canal and pump the raw water to the Vanderkloof water treatment works. Petrusville is also supplied by the Vanderkloof water treatment plant and have boreholes as alternatives. In Philipstown the water supply is obtained from boreholes. Two electrical driven mono and one submersible pump withdraw water from three boreholes and pump the water to two storage reservoirs. The reservoirs provide the pressure needed to reticulate water to Phillipstown.

						
38%	50%	6%	2%	4%	0%	0%
898	1 175	143	39	100	11	2
Households have water in dwelling	Households have water on site/in yard	Households use a communal tap	Households rely on a tanker supply	Households use a borehole supply	Households collect from a river/dam	Households use another source

NATURAL SOURCES OF WATER PER TOWN

TOWNS	Borehole	Spring	Rain water tank	Dam/pool/stagnant water	River/stream	Water vendor	Water tanker
Vanderkloof	-	-	-	3	-	-	-
Petrusville	12	-	-	51	-	-	3
Phillipstown	15	-	-	12	-	-	3

WATER USE BY SECTOR



EMPLOYEE SERVICES:

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including the provision of water. A portion of the total salary budget is allocated to water services as indicated in the table below.

Financial Performance 2017/2018 : Water Services			
Detail	Budget	Actual	Variance to Budget
Total Operational Revenue	1,869,655	1,690,144	90%
Expenditure:			
Employees	1,056,421	1,239,359	117%
Repair & Maintenance	66,126	98,470	149%
Other	878,293	514,429	59%
Total Operational expenditure	2,000,840	1,852,258	93%
Surplus / Deficit	-131,185	-162,114	





3.2 WASTE WATER (SANITATION) PROVISION

- All households in the Renosterberg Local Municipal area have access to basic sanitation.
- Some of the erven in all three towns are connected to a waterborne sewerage system.
- Some erven are still equipped with sewerage drains and the sewerage are removed with sewerage removal vehicles.
- The balance of the erven has dry sanitation toilets, which are also serviced by the municipality.
- All three towns have oxidation ponds.

The following projects form part of the multiyear strategic projects in the IDP.

- o To ensure proper operation and maintenance of existing infrastructure and equipment
- o Replace individual septic tanks with full waterborne sewer system
- o Reduce municipal capital and maintenance costs by removing suction trucks
- o Upgrading of oxidation ponds (completed)

SANITATION SERVICE DELIVERY LEVELS: HOUSEHOLDS

			
40%	7%	35%	19%
937	165	821	445
Households use flush latrines	Households use pit latrines	Households use bucket latrines	Households do not use any aforementioned latrines

EMPLOYEE SANITATION SERVICES

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including the provision of sanitation. A portion of the total salary budget is allocated to sanitation services as indicated in the table below.

Financial Performance 2017/2018 : Sanitation Services			
Detail	Budget	Actual	Variance to Budget
Total Operational Revenue	1,860,693	538,289	29%
Expenditure:			
Employees	1,840,558	2,152,628	117%
Repair & Maintenance	82,000	2,721	3%
Other	878,293	319,471	36%
Total Operational expenditure	2,800,851	2,474,820	88%
Surplus / Deficit	-940,158	1,936,531	

3.3 ELECTRICITY

Electricity appears to be in good supply and widely available throughout the Municipal Area. However, electricity and electrical appliances, and their maintenance and usage, cost money which the poor cannot always afford. To them, wood as energy/fuel source for cooking and heating remains the best option. Municipality provides Electricity to Vanderkloof and Petrusville(Town) and Philipstown (Town and part of the Riemvasmaak).

SERVICE LEVEL: ELECTRICITY

2017/ 2018		
	Total	Percentage
Vanderkloof	514	14.75%
Petrusville	1571	45.08%
Philipstown	1400	40.17%
Total	3485	100%

SOURCES OF ENERGY

Energy Source	Vanderkloof	Rolfontein	Petrusville	Renosterberg NU	Philipstown
Electricity	375	-	1101	339	654
Gas	15	-	24	27	33
Paraffin	6	-	87	-	39
Wood	15	-	93	123	27
Coal	-	-	3	3	-
Animal dung	-	-	-	-	-
Solar	3	-	3	3	-

Other	-	-	3	-	-
None	-	-	9	-	-
Total	417	-	1320	501	753

EMPLOYEE SERVICES

Financial Performance 2017/2018 : Electricity Services			
Detail	Budget	Actual	Variance to Budget
Total Operational Revenue	6,189,275	3,290,762	53%
Expenditure:			
Employees	2,549,541	2,979,982	117%
Repair & Maintenance	150,626	36,585	24%
Other	2,841,539	698,035	25%
Total Operational expenditure	5,541,706	3,714,602	67%
Surplus / Deficit	647,569	-423,840	

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Refuse removal and management are of the most critical issues in municipal service delivery and can have seriously adverse implications for the environment if refuse is not collected and disposed of properly. It entails the collection of household and industrial refuse and the management thereof to such a standard that no negative environmental influences occur.

Legislation, defining refuse types, e.g. hazardous and non-hazardous, and their management, the selection criteria for establishing waste disposal erven, site registration, etc., needs to be strictly adhered to. Strictly speaking, the establishment of cemeteries also resorts under waste disposal erven, with basically the same legislation applicable. Refuse not disposed of at a recognised (registered) waste disposal site is considered illegal dumping.

SERVICE LEVEL: REFUSE REMOVAL

Description	2017/2018	
	Total	Percentage
Removed by local authority at least once a week	3485	100%
Removed by local authority less often	0	0
Communal refuse dump	0	0
Own refuse dump		
No rubbish disposal	0	0
Total	3485	100%

EMPLOYEE SERVICES

Financial Performance 2017/2018 : Refuse Services			
Detail	Budget	Actual	Variance to Budget
Total Operational Revenue	1,321,028	356,651	27%
Expenditure:			
Employees	2,549,541	1,027,767	40%
Repair & Maintenance	20,000	0	0%
Other	568,307	9,694	2%
Total Operational expenditure	3,137,848	1,037,461	33%
Surplus / Deficit	1,816,820	-680,810	

3.5 HOUSING

The Municipality does not have a specific staff component to deal with housing matters as the provision of housing was a Provincial function. When a housing project is approved the services of Consulting Engineers and Contractors are procured through prescribed SCM Principles. An objective of the municipality is also to enhance sustainable service delivery through infrastructure development with reference to the eradication of the housing backlog.

All urban areas are composed of various residential components varying from formal housing units to informal dwellings units as indicated in the table below. Within the Local Municipality, 82% of the households live in formal housing, 14.3% in informal housing and only 2.5% in traditional housing.

Almost 70% of the Renosterberg households live in a house on a separate stand. The exception is found at Uitsig in Petrusville where more than half the households live in detached houses. 0.1% of households live in shacks at Thembinkosi.

Description	Households
House or brick structure on a separate stand or yard	2173
Traditional dwelling/hut/structure made of traditional materials	33
Flat in block of flats	23
Town/cluster/semi-detached house (simplex: duplex: triplex)	8
House/flat/room in back yard	17
Informal dwelling/shack in back yard	15
Informal dwelling/shack NOT in back yard e.g. in an informal/squatter settlement	169
Room/flat let not in back yard but on a shared property	9
Caravan or tent	3
Private ship/boat	0

HOUSING BACKLOG

Vanderkloof : 50 new erven + 50 backlog

Petrusville: 90 squatters + 607 new erven + 120 backlogs

Philipstown: 341 new erven

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Due to the level of unemployment and subsequent poverty in the local municipal area, there are households that are unable to pay for normal municipal services. The Municipality therefore adopted an Indigent Management Policy to ensure that these households have access to at least all basic municipal services and was guided in the formulation of this Policy by the National Government's Policy in this regard.

All households who qualify in terms of the said policy, receives a subsidy on property rates as well as other service charges such as water, refuse and electricity (50kWh of electricity per month free of charge as well as 6000 liters water per household per month (appr. 200 liters of water/ day))

INDIGENT POLICY

Qualifying criteria and	R0-1500 HH income pm
Extent of subsidy	100% subsidy to Max R86 on: <ul style="list-style-type: none">• Water• Sewerage• Refuse
Application process	HH must apply with: <ul style="list-style-type: none">• Proof of income• Affidavit
Number of HH registered	800
Process and verification	Account is credited monthly. Arrear remains on account unless settled.
Validity period	1 year
Exclusions	None

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

Petrusville, Vanderkloof and Phillipstown have tar roads and gravel roads. The Municipality must submit projects to MIG for the upgrading of roads regularly. The tar roads are currently in a poor condition with potholes occurring all over the roads. The Municipality endeavours to arrange training for its personnel to repair potholes and also purchase the necessary equipment and material to do the work in the future.

The Municipality however does not have the financial capacity to budget for the repair of all the potholes. The Municipality submitted a business plan to MIG to pave the roads in Petrusville, Vanderkloof and Phillipstown.

The following projects form part of the multiyear strategic projects in the IDP:

- Surfacing of existing gravel roads
- Surfacing of internal gravel roads using labour intensive methods
- Manufacturing paving blocks on site using local labour
- Surfacing of roads with concrete paving blocks
- Cross cutting Infrastructure : Upgrading of all major routes
- Upgrade of all major routes
- Fabrication of stones
- Public lighting (High mass)
- Safety of streets (Speed bumps)
- Fencing of BNG Houses
- Upgrading of Community Hall
- Signage Street names and Numbers
- Upgrading of pedestrians routes

EMPLOYEES ROAD SERVICES

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including road services. A portion of the total salary budget is allocated to road services.

Financial Performance 2017/2018 : Roads

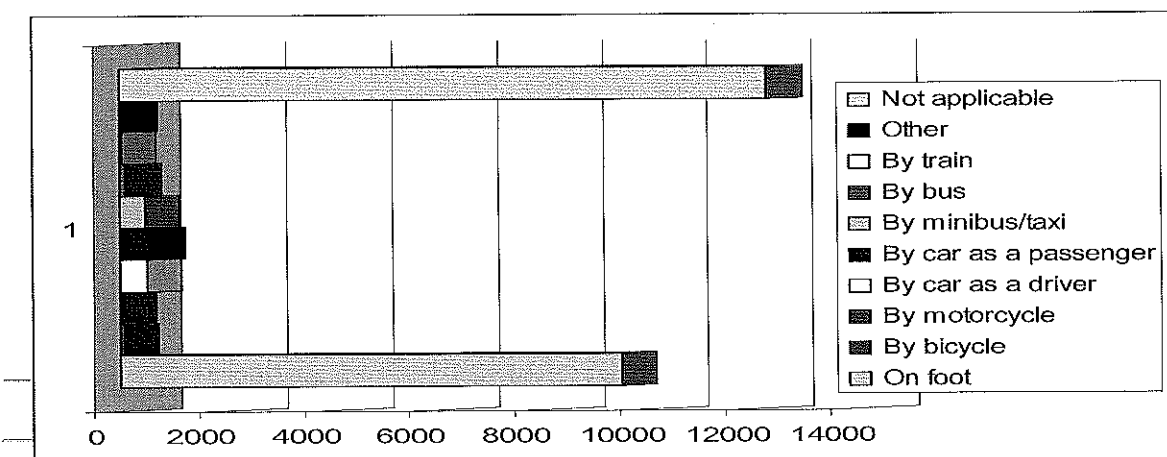
Detail	Budget	Actual	Variance to Budget
Total Operational Revenue			
Expenditure:			
Employees	285,966	285,966	100%
Repair & Maintenance	30,000	15,740	52%
Other	100,000	148,270	148%
Total Operational expenditure	415,966	449,976	108%
Surplus / Deficit	-415,966	-449,976	

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The Municipality does not have a Transport Plan for any of the three towns due to the lack of any major form of transport. The majority of the community does not have the means to pay for the transport and as the current statistics indicate various other methods is used for transport. Transport is not a function of the Municipality.

The majority of the Renosterberg Local Municipality's population (82.3%) travel to school or to work by foot. Around 6.7% of Rnosterberg population make use of public transport (i.e. the bus, train, taxi, or lifts with other people); while 1.6% make use of bicycles and 9.4% use their own private transport. Donkeys and horses as well as donkey/horse carts are also widely used in the area

.As many of these households are also living in poverty, the lack of transport adds to the so-called "poverty trap", as these people are less able to conduct, for example, informal activities to alleviate their circumstances.



3.9 WASTE WATER (STORMWATER DRAINAGE)

Storm water drainage forms an integral part of road infrastructure. Due to the fact that the road infrastructure in the three towns is not up to standard it results in poor storm water drainage during times of heavy rain. The maintenance and construction of storm water structures will only be addressed once the municipality receives funds for the upgrading of its road infrastructure.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

The Municipality does not have a Planning department and for the purposes of specific town planning matters, the municipality procures the services of a Professional Town planner.

All other land use management matters are dealt with in terms of the Northern Cape Development and Planning Act. The municipality does have a Land Use Management Plan as well as a Spatial Development Framework and all matters in this regard are handled by the Corporate Services Department.

According to the MFMA, low cost housing development and associated services as planning and surveying is not a municipal function (with regard to financing of the project) and therefore no capital projects in this regard could be provided for, as no housing project has been approved by province during the past year. No other township establishment projects have been undertaken during the past year.

During the 2014/2015 year the Spatial Land Use Management Act was passed by Parliament and all future land use management matters will be dealt with in terms of the new provisions of this Act.

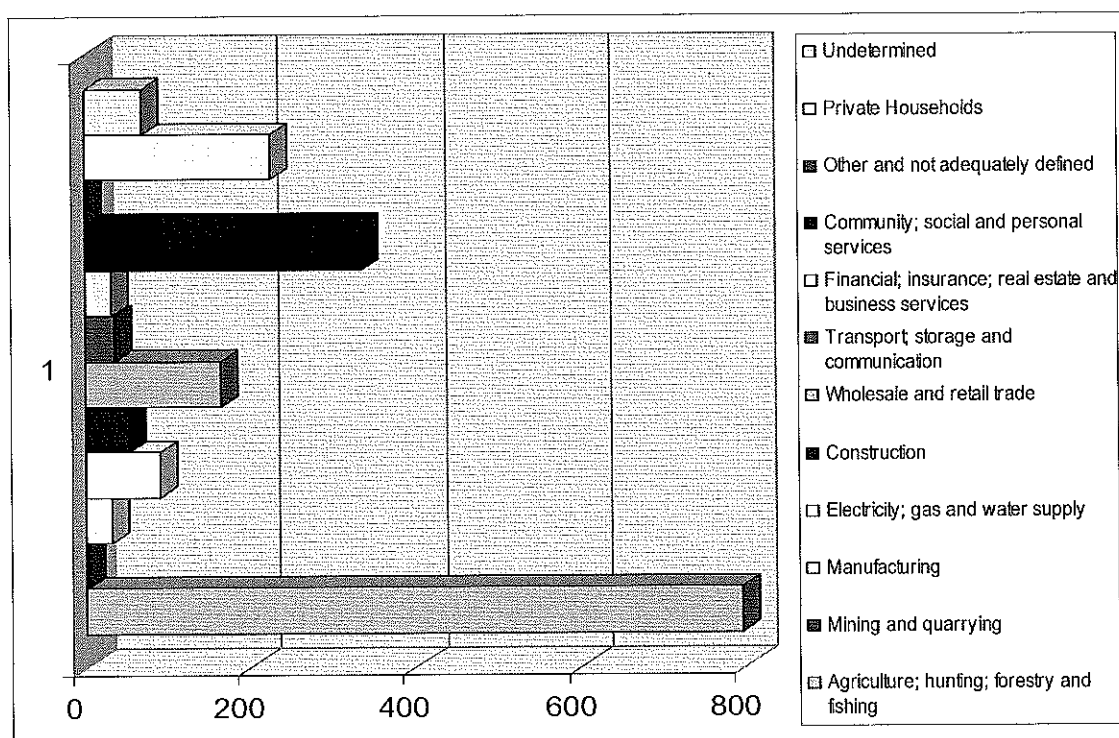
3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Municipalities have a Constitutional Mandate to promote Local Economic Development (LED). Section 153 of the Constitution of the Republic of South Africa, 1996 states that: "A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the Community."

Economic development can be defined as an “activity that seeks to improve the economic well-being and quality of life for a community, by creating and/or retaining jobs”.

Local Economic Development (LED) is an approach to sustainable economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in, inter alia, an improvement in the quality of life for all in the local community.

SECTOR OF EMPLOYMENT



THE FOLLOWING LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES WERE TAKEN FROM THE IDP:

PRIORITY ISSUE: EDUCATION, ILLITERACY AND SKILLS DEVELOPMENT

Objectives:

- Engage with schools and relevant stakeholders regarding access to and development of training infrastructure
- Establish, with relevant stakeholders, general training and skills development programmes accessible by the community
- Engage with relevant stakeholders regarding the enhancement of education in the area

PRIORITY ISSUE: THE SUCCESSFUL IMPLEMENTATION OF THE NEW LED STRATEGY:

Objective:

- To establish partnerships with relevant stakeholders and consult with them in the successful implementation of the LED strategy

PRIORITY ISSUE: THE DEVELOPMENT OF A TOURISM INDUSTRY:

Objectives:

- Develop a tourism strategy in consultation with stakeholders
- Develop skills and services related to tourism
- Develop tourism infrastructure
- The marketing of Renosterberg Municipality as a tourism destination
- Establishment and enhancement of festivals unique to the area

PRIORITY ISSUE: STIMULATE LOCAL ECONOMY:

Objectives:

- Attract potential investors through incentive programmes
- Develop basic infrastructure on vacant municipal land e.g. water, electricity
- Enhance skills and SMME development with a view to marketing services outside the region
- Identify agricultural projects for development and marketing

PRIORITY ISSUE: ADDRESS SOCIAL CHALLENGES THAT HINDER ECONOMIC DEVELOPMENT

Objectives:

- Establish, in consultation with stakeholders, a strategy for the management of alcohol abuse and related welfare challenges
- Develop or identify infrastructure to support social welfare programmes
- Develop and enforce by-laws relating to establishments that contribute to social challenges
- Develop youth empowerment programmes
- Develop and source skills related to social development

PRIORITY ISSUE: SAFE AND AFFORDABLE HAVEN FOR VISITORS AND RESIDENTS

Objectives:

- Development of public facilities such as parks, sport and recreational infrastructure
- Engage with business sector regarding affordability of goods
- Develop, in collaboration with stakeholders, a crime prevention strategy
- Develop, in collaboration with relevant government departments, sufficient available health services
- Enhance access to public transport

PRIORITY ISSUE: DEVELOP ENVIRONMENTAL POLICIES AND BY LAWS

Objectives:

- To address environmental challenges and compile strategies
- Wetland Protection Strategy
- Revised and implement Integrated Waste Management Strategy
- Develop and Implement Environmental by laws
- Develop, mechanism to ensure environmental accountability and reporting
- Develop Climate Change Strategy and business plans to implement

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Town	Library	MPCC	Cemeteries	Recreation Facility
			(in use)	(municipal owned)
Petrusville	1	2	5	3
Philipstown	1	2	4	3

Vanderkloof	2	1	0	1
Renosterberg Local Municipality in Total	4	5	9	7

Administrative Facilities

Pension pay points are located at the community halls in all three towns. Postal services are well distributed in the area. No formal fire stations exist in the Renosterberg municipal area. Fire fighters are used in the case of an emergency and serves both Vanderkloof and Petrusville. Considering that these two towns are approximately 15 km apart, the need for an additional fire fighter should be considered

Libraries

A number of libraries are owned and run by Renosterberg Municipality. According to the Municipality, most of the libraries especially those that are located in the historically disadvantaged communities have limited resources.

COMMUNITY CENTRES

All the towns that fall under Renosterberg Municipality have community halls. The existing community halls are used for various activities. Multi Purpose Community Centres are also located through the municipality. Some of the older community halls are in urgent need of restoration.

Recreation Facilities

Formal sport and recreation centres with the necessary equipment and which are properly maintained can only be found in Vanderkloof and are managed by Eskom. These facilities are open to all members of the community.

There is a lack of formal facilities in Petrusville and Philipstown and only sub-standard soccer fields are available to the communities.

Cemeteries

Petrusville has 5 cemeteries, 2 in Petrusville Proper, and 2 in Uitsig and 1 in Tembinkosi. All 5 cemeteries are nearly full and sites for new cemeteries must be investigated.

Philipstown has 3 cemeteries, one each for every township, and are also nearly full. Sites for a new cemetery must also be investigated.

The geological characteristics of the terrain in Vanderkloof prevent the establishment of a cemetery and people therefore make use of the cemeteries in Petrusville. The establishment of a cemetery in Vanderkloof should however be further investigated.

Financial Performance 2017/2018 : LIBRARIES, ARCHIVES, MUSEUMS, COMMUNITY FACILITIES			
Detail	Budget	Actual	Variance to Budget
Total Operational Revenue	200,000	214,444	107%
Expenditure:			
Employees	3,237,336	3,237,336	100%
Repair & Maintenance	20,000	0	0%
Other	200,000	142,138	71%
Total Operational expenditure	3,457,336	3,379,474	98%
Surplus / Deficit	-3,257,336	-3,165,030	

3.13 CEMETORIES AND CREMATORIIUMS

The Municipality has a cemetery in each of the towns which are maintained by municipal workers. The Municipality does not have any crematoriums operated by municipal personnel.

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Municipality does not provide this service as it is a Provincial function. Although by law it is a function of the municipality it is not affordable and the municipality does not budget for this function.

COMPONENT E: ENVIRONMENTAL PROTECTION

The function is currently residing at the District Municipality, who is the designated licensing authority, issuing licenses to premises or industries. Renosterberg Local Municipality has however a monitoring functions in this regard. Pollution control forms part of Environmental Health, in the absence of a section dedicated to Pollution control, solely. Renosterberg Local District Municipality remains responsible for the enforcement of Pollution Control.

3.15 POLLUTION CONTROL

Pollution Control form part of Environmental Health and there is no separate section for pollution control.

Environmental Pollution consists of:

1. Dirty or unsightly conditions

- a) Accumulation of refuse, debris, including glass, paper, rags, tins, trash, ash and coal.
- b) Overgrown weeds and long grass, existence of thicket, shrub or any poisonous plants.
- c) Accumulation of wreck, chassis, engine or other part of a motor vehicle which is unsightly and may pose a health nuisance.
- d) Offensive smells from any activity on premises.
- e) Stagnant water and dumping or littering of waste on premises.
- f) Breeding of flies or mosquitoes.
- g) Harborage of rodents or other vermin on the premises.

2. Littering, dumping and burning of waste

- a) Dumping, throwing or littering of waste, including rubbish, glass, tins, paper, car wrecks or parts of motor vehicles, dead animals, waste water or flushing water or other litter or waste, whether liquid or solid, on or in a street, road, bridge, thoroughfare, open space, vacant stand, public place or any watercourse.
- b) Burning or permitting of burning of any waste material, including tyres, rubbish, garden refuse, paper or other material on any premises in such a way as to create a health nuisance or health hazard.

SERVICE STATISTICS FOR POLLUTION CONTROL

Inform the community via pamphlets and radio talks, door to door campaigns, workshops, regarding alternative measures to be taken such as the boiling of water, the adding of a disinfectant like bleach when water do not comply with safety standards. With regards to the 2017/2018 financial year, no failures occurred in terms of safe drinking water. When failures would occur, the community is alerted immediately as to the said precautionary measures.

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

Climate Change is currently emanate and is increasing faster than it was anticipated by scientists. Climate Change is effected mostly by the increasing of the average global temperature due to the increased greenhouse gasses emissions in the atmosphere. The effect of the changing climate has an impact on people's livelihoods as well as on our wildlife and the environment.

The level of the impact of climate change depends on the rate of increasing earth temperature. Climate change will cause some regions to become wetter and others warmer, while some regions will be more at risk of heat waves, drought, flooding and natural disasters. Climate change could ruin food chains and ecosystems, putting whole species at risk of extinction. Taken into

account the above a look at Renosterberg Municipality and its bio-diversity and the effect on it, we are in the need of some urgent planning for the future in this region.

Giving the following background the reader will understand the necessity of such an action plan and funding for these future climate change projects.

Taken the above in account the effect of climate change could influence the community's livelihoods especially the poor communities reliant on agriculture and farming. The further risk of climate change in increased intensity of drought will lead to complete desertification and further water scarcity. Fire will be a constant risk due to hot winds and dead or dry vegetation. Subsistence farmers will suffer the most and are likely to lose their livelihood to the encroaching desert.

Local Government is on the front line of implementation and service delivery and thus need to pursue adequate mitigation and adaption strategies, which include participation from the public sector, private sector and NGOs.

Climate Change is complex and therefore requires a collective action. A sectoral approach is not advisable as this challenge requires a multi sectoral strategy. There is a need for collaboration amongst all stakeholders and the Northern Cape Government needs to play a leading role in this regard. The municipality is fully aware of the impact Climate Change has and the indirect effect on the environment as 2014/2015, 2015/2016 and 2016/2017 were very dry years where most of the municipal rural areas still have a harsh drought. Action Plans and projects will be drafted to address these eminent issues.

COMPONENT F: HEALTH

This is a Provincial function and provided by the Department of Health. The service is however not satisfactory due to the shortage of doctors, ambulances as well as inferior conditions of the road infrastructure between the towns.

Petrusville, Philipstown and Vanderkloof each have a clinic with limited services rendered at these facilities. The function to provide Health Services is the Provincial Government Department of Health's respectively.

The services at the current facility are not always satisfactory due to the shortage of medical personnel and limited ambulance services. Patients in the rural areas are dependent on ambulance services and the gravel roads are not in a suitable condition.

3.17 CLINICS AND AMBULANCE SERVICES

This is a Provincial function and provided by the Department of Health. The service is however not satisfactory due to the shortage of doctors, ambulances as well as inferior conditions of the road infrastructure between the towns. The services at the current facility are not always satisfactory due to the shortage of medical personnel and limited ambulance services. Patients in the rural areas are dependent on ambulance services and the gravel roads are not in a suitable condition.

3.18 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC.

In each of the three towns there are abattoirs that are privately owned. The Municipality cannot afford to appoint an Environmental Health Inspector and is this service rendered and financed by Namakwa District Municipality on a contract base to the Municipality.

All food and abattoir property owners have to apply to the municipality for inspections where after, if they are found to be suitable, they receive an Inspection Certificate.

INTRODUCTION TO HEALTH INSPECTIONS; FOOD & ABATTOIR LICENCING AND INSPECTIONS:

Health inspections are done by the Environmental Health Practitioner (EHPs) and he is concerned with the administration, inspection, monitoring, education and regulation as prescribed in environmental health legislation. He act as a public arbiter of environmental health standards, maintaining close contact with the community.

They develop professional standards and apply them in environmental health and the main functions can be described as:

1. Ensure safe food:
 - a. All food handling premises must be in possession of COA's (Certificate of Acceptability)
 - which implies that health requirements are met in terms of R962 (Foodstuffs,

Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972).

All Food handlers were reached and educated through health awareness campaigns.

2. Ensure safe water through continues sampling
3. Ensure safe medical waste disposal. Maintain a compliance ratio of 95% through the year.

4. Accommodate informal trading by implementing minimum health standards and equip informal food handlers with health education.

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

3.19 FIRE & DISASTER MANAGEMENT

Fire Services is currently a function of the Pixley Ka Seme District Municipality however the Municipality do have a water truck and fire units for emergencies to attend to. The compiling of a Disaster Management Plan is currently a responsibility of Pixley Ka Seme who assists us with it.

The present budget constrains also impacts on the purchase of much needed equipment and hampers service delivery to the community and business's. The risks are increasing with the present local economic growth and preventative/rehabilitative measures needs to be put in place in order to ensure a safe living environment for all communities.

3.20 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Annual drills are held by the District Municipality to assess competency with volunteers and all involved stake holders e.g. SAPS, Department of Health, EMS, ACSA, SANDF, Provincial Traffic and other government departments are involved.

3.21 LAW ENFORCEMENT OF BYLAWS

The enforcement of by-laws are very difficult as the municipality does not have a Law Enforcement Officer or a Security Unit who can enforce the laws.

COMPONENT H: SPORT AND RECREATION

3.22 SPORT AND RECREATION

The Municipality has sport grounds in Petrusville and Vanderkloof which are maintained by municipal staff.

Petrusville

- The current sport facility is more than 20 years old.
- Pavilion in order for it to be safe. The wooden seats were removed, steel welding repaired and
- The wooden seats replaced.
- All the schools and the local soccer clubs make use of this facility.
- The sports ground is in walking distance and no previous complaints have been received in this regard.
- Due to the absence of a proper fence and a secure entrance the normal vandalism takes place.
- The local soccer clubs play all their matches there and the community attends the matches.
- The municipality cannot afford more than one sport facility and do budget each year for maintenance.
- The sport facility is also as such included in the approved Spatial Development Plan of the Municipality.
- The Tennis court is not safe and it is not in use. Due to the lack of funds the Municipality cannot afford to maintain the tennis courts.

Philipstown

- The sport facility also needs an adequate fence and entrance to keep it safeguarded and protected from vandalism which occurs frequently.
- There is only one sport facility and it's being utilized by all the schools and the local soccer clubs.
- The sport ground does not have a specific name at this stage.
- The sport facility is mostly utilized by the disadvantaged community.
- Maintenance is also done within the budget limits.

Vanderkloof

- The swimming pool is not in use due to lack of funds to maintain the swimming pool.
- The tennis courts are unplayable and are not in use.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.23 EXECUTIVE AND COUNCIL

The Municipal Council consists of 1 full time Mayor and 6 part time councillors. The Municipal Manager is the Chief Executive Officer of the Council and also the Accounting Officer in terms of the MFMA.

The main priorities of Council are outlined in the Key Performance Areas as contained in the IDP.

Financial Performance 2017/2018 : Executive & Council			
Detail	Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0%
Expenditure:			
Employees	3,820,223	3,571,078	93%
Repair & Maintenance	0	0	
Other	515,648	346,142	67%
Total Operational expenditure	4,335,871	3,917,220	93%
Surplus / Deficit	-4,335,871	-3,917,220	

SERVICE DELIVERY

Priority Issue: Lack of infrastructure for proper service delivery.

Objectives:

- A. To enhance sustainable service delivery through infrastructure development
- B. To ensure proper operation and maintenance of existing infrastructure and equipment
- C. To develop appropriate skills required for efficient service delivery
- D. To ensure a healthy environment for all residents with reference to combinable diseases
- E. Provision of standard sanitation for all residents
- F. Improve the storm water infrastructure
- G. Improve road infrastructure

FINANCIAL VIABILITY

Priority Issues: The development of a financial plan with strategies to ensure that Renosterberg local Municipality will be a financial viable entity.

Objectives:

- A. To seek commitment of provincial treasury to assist with the development of a financial plan.
- B. To convert to MSCOA in July 2016 and be MSCOA compliant by 1 July 2017
- C. Continuous focus on credit control and compliance

MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Priority Issues: To establish proper administrative and institutional infrastructure to properly regulate the implementation of the IDP

Objectives:

- Implementation of a new organogram with job descriptions and aligning the organogram to the SDBIP and the IDP.
- To develop a Performance Management System in 2018/2019.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Priority Issue: To ensure that the Constitution of South Africa is applied in Renosterberg Local Municipal to improve the quality of life of all its citizens and to establish a society based on democratic values, social justice and fundamental human rights.

Objectives:

- To actively involve the public in local government management.
- To monitor and evaluate the performance of council in terms of its PMS.

3.24 FINANCIAL SERVICES

This section is being dealt with in detail in Chapter 5

DEBT RECOVERY 2017/2018			
DETAILS	BILLED	ACTUAL	% COLLECTED
PROPERTY RATES	2,922,278	1,426,990	48.83%
ELECTRICITY	4,623,829	3,078,769	66.58%
WATER	4,667,674	1,515,586	32.46%
SANITATION	1,826,934	516,728	28.28%
REFUSE	1,393,737	337,449	24.21%
OTHER	314,882	236,198	75.01%

FINANCIAL SERVICE: 2017/2018			
DETAILS	Budget	Actual	Variance
Total operation Revenue	16,024,103	7,725,072	48.21%
Expenditure			
Employees	8,282,027	7,725,072	93.28%
Repair /Maintenance	348,752	153,516	44.02%
OTHER	5,266,432	1,689,899	32.09%
Total operation expenditure	13,897,211	9,568,487	68.85%
Surplus / Deficit	2,126,892	-1,843,415	

3.25 HUMAN RESOURCE SERVICES

There are 144 posts approved on the current organogram and there are currently 46 vacancies on the approved organogram. Due to budget constraints the Municipality is not able to appoint all personnel as indicated on the approved organogram. However, it will be addressed in 2018/2019.

STAFFING AND MANAGEMENT PROFILE

- The total staff complement as at 30 June 2018 was 98 permanent employees.
- 2 Financial Interns was employed at 30 June 2018.

STATUS OF MANAGERIAL POSITIONS AT END OF 30 JUNE 2018

- Municipal Manager position is vacant. Mr S Dick is currently acting in the position.
- Director: Corporate Services was vacant since 2016. Mss T Hlanjwa is currently acting in the position.
- Director: Infrastructure Services is vacant since 2016. Mr S Dick is currently acting in the position.
- CFO: The position is vacant since Augustus 2017. Mss G September is currently acting in the position.

SKILLS DEVELOPMENT AND TRAINING

- The WSP was submitted in time in terms of legislative requirements.
- All Councilors, some office personnel and general workers received training during the 2017/2018 year as well as the Municipal Manager.
- Minimum Competency Level Training's process of recognition of prior learning commenced in June 2016. The Municipality is still awaiting the Statement of Results.

EMPLOYMENT EQUITY PLANS & IMPLEMENTATION REPORTS

The Employment Equity Report (EE02 & EE04) was submitted on 12 January 2017

- The Employment Equity Forum was established on 19 January 2017
- The Employment Equity Forum compiled and approved an Employment Equity Plan (EE12) on 19 January 2017 which is in effect until 31 January 2018.

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3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The establishment of ICT department within Renosterberg Local Municipality to render a service to all departments through effective, efficient and cost effective systems and equipment that enhances the performance of these departments in service delivery to inhabitants, was not budgeted for. The ICT services are being delivered by Nashua and BCX with regard to our telephone, network and financial system. However, the setup of email and internet are being done by regular staff with a little bit of knowledge in these fields.

Council has one server on which its systems run. These systems are for financial management, document management, prepaid services, security, connectivity and communication. E-natis vehicle registration management are done by Department Transport. Council business is conducted from 3 different buildings spread over the whole servicing area including the three towns.

The IT Department should support all system users, maintains equipment and is responsible for the purchasing of equipment either for replacement or new staff. Keeping track with technology changes is always challenging due to budget constraints. IT services are also being outsourced or contracted when needed as no specialized IT personnel is employed by Renosterberg Local Municipality.

The following policies have to be established and adopted by Council in 2019/2020 financial year to adhere to audit outcomes and to regulate the IT departments work:

- Change Policy and Procedure (ITC)
- Patch Management Policy and Procedure (ITC)
- Internet Acceptable Use Policy (ITC)
- Back-up Policy and Procedure (ITC)
- Physical Protection of IT Facility Policy (ITC)
- User Account Management Policy (ITC)
- IT Risk Management Policy (ITC)

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

New PC's, Laptops and printers were purchased in the event the equipment had become redundant or uneconomical to repair. Some was purchased for new positions as the need arise. Our ICT equipment is mSCOA ready, only minor changes will be done with regards to prepaid vending.

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3.27 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

LEGAL SERVICES

The Municipality does not have a separate division with personnel to attend to legal services. The Legal Services division/function delivers a supporting function to all directorates in the municipality. The division forms part of the Office of the Municipal Manager. This office handles all requests for legal advice and legal aid in respect of municipal matters. Some of these services are also outsourced or contracted.

This office is also responsible for the contracts of the municipality. A number of new contracts were concluded and contracts that expired were renewed.

RISK MANAGEMENT

Risk Management is the identification, assessment, and prioritization of risks through a structured and systematic process followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of risks. When properly executed risk management can provide reasonable assurance to Council and management that the municipality will be successful in achieving its objectives and goals.

Managing business risks associated with in the municipality is an ongoing process involving different levels within the organisation. Even though risks identified may have a low likelihood of occurring or controls are in place mitigating the risks, a continuous approach of monitoring and testing of controls needs to be done by management supported by the internal audit function.

The municipality is in negotiations with the District Municipality for a shared services agreement for Internal Audit Services. In 2017/2018 the Internal Audit Team did not perform as well as expected and certain issues will be addressed in this regard. In 2016/2017 other options for Internal Audit Services were explored and investigated to have this unit be fully functional and so that they can report to the Audit Committee.

This report serves as a basis in the preparation of the Internal Audit Plan as it highlights the business risks that management deems needs to be concentrated on first.

PROPERTY

The Council will develop a Property Disposal Policy in 2017/2018. However, some vacant erven have been advertised in 2016/2017 and are in the process of being sold and disposed of. The municipality also received assistance from CoGHSTA to help home owners who cannot afford the transfer

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costs and who has been living in their homes for a long time now without their deeds to be transferred in their names. This process commenced in 2015/2016 and all three towns will benefit from this effort to finalise transferring of deeds to their owners. This process completion will depend on the active participation of the community and the municipality wishes to finalize this project by 2018/2019.

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICE

LEGAL SERVICES

Legal Advice was requested from external sources on quite a few matters. The Council used Majila and Partners in different cases and requests in the 2017/2018 year.

Council adopted and reviewed the following policies on 28 May 2017.

BY-LAWS & POLICIES: FINANCIAL ADMINISTRATION

Policies to which none amendments were made during the reviewing process:

- Property Rates Policy
- Credit Control Policy, Customer Care and bad debt
- Indigent Policy (Deernis)
- Budget Policy
- Borrowing Policy
- Write Off Policy
- Gift and Reward Policy
- Bank Investment and Interest Policy
- Unauthorized, irregular, Fruitless and Wasteful Expenditure policy
- Fraud Prevention Plan/Policy
- Risk Management Strategy/ Policy
- Road & Water Maintenance Policies

Policies to which some amendments were made during the reviewing process:

- Subsistence and Traveling Policy (Annual Travel tariff changes)
- Supply Chain Management Policy (Prescribed changes from Provincial Treasury amended)

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- Tariff Policy (Tariffs changed)
- Ward Committee Policy (Stipend changed to R500)

RISK MANAGEMENT POLICY:

Risk Management Framework was drawn up in 2018/2019 and has to be approved by Council.

RISK MANAGEMENT METHODOLOGY RISK:

The risk management processes are clearly defined in the risk management framework.

RISK MANAGEMENT COMMITTEE CHARTER:

Is about the roles and responsibilities of the committee amongst others:

- a) To ensure that risks are managed and monitored effectively;
- b) To evaluate reports from the concerned departments;
- c) Review annually the risk management policy, charter, framework and strategy and recommend it for approval by Council and the Accounting Officer;

RISK MANAGEMENT IMPLEMENTATION PLAN

No Plan in place.

COMPONENT J: MISCELLANEOUS

AIRFIELDS

Renosterberg local Municipality has no registered/licensed Airfield.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

MUNICIPAL SCORECARDS

Renosterberg Local Municipality Performance Management System is not in place at the municipality and therefore the Annual Performance report is deemed to not be accurate and trustworthy. It is

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however only a report of what was done in the 2017/2018 reporting on the SDBIP for the year. This area was identified in the Auditor General Report on the 2016/2017 year and will need to be prioritized as it is a crucial area to monitor the performance of personnel and the municipality in total.

B2B REPORTING

Monthly reporting on the Back 2 Basics template received from National Treasury are done regularly.

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CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

There are 144 posts approved on the current organogram and there are currently 46 vacancies on the approved organogram. Due to budget constraints the Municipality is not able to appoint all personnel as indicated on the approved organogram. However, it will be addressed in 2018/2019.

VACANCY RATIO

The current vacancy ratio is at 35% (on average) when all vacant posts (x 50) vs. all approved posts (x 144) are taken into account.

STAFFING AND MANAGEMENT PROFILE

- The total staff complement as at 30 June 2018 was 98 permanent employees.
- 2 Financial Interns was employed at 30 June 2018.

STATUS OF MANAGERIAL POSITIONS AT END OF 30 JUNE 2018

- Municipal Manager position is vacant. Mr S Dick is currently acting in the position.
- Director: Corporate Services was vacant since 2016. Mss T Hlanjwa is currently acting in the position.
- Director: Infrastructure Services is vacant since 2016. Mr S Dick is currently acting in the position.
- CFO: The position is vacant since Augustus 2017. Mss G September is currently acting in the position.

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Current – Summary of Posts per Department						
Department	Number of Posts	% of total no. of posts	Number of filled posts	Number of vacant posts	% Filled	% Vacant
Office of the Mayor	1	0.69%	0	1	0%	100%
Office of the Municipal Manager	5	3.47%	2	3	40%	60%
Finance	28	19.44%	23	5	82%	18%
Corporate Services	45	31.25%	30	15	67%	33%
Technical Services	65	45.14%	39	26	60%	40%
TOTAL	144	100%	94	50	65%	35%

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipal Manager held meetings with all employees in the three directorates to explain service delivery objectives and priorities. The municipality complied with all collective agreements and all core policies are in place. Bi-Monthly meetings of managers and supervisors took place to discuss workforce management issues. In 2017/2018 4 personnel meeting per town were held in the form of a HR Workshop during the year. LLF meetings were regularly held.

Chapter 4

4.2 POLICIES

HR POLICIES AND PLANS				
	Name of Policy	Status 2016/2017	2017/2018 Achieved	2018/2019 to received attention
		%	%	
1	Affirmative Action	0%	0%	Draft
2	Attraction and Retention	0%	0%	Draft
3	Code of Conduct for Employees	100%	100%	100%
4	Delegations, Authorisation & Responsibility	0%	0%	Draft
5	Disciplinary Code and Procedures	100%	100%	100%
6	Essential Services	0%	0%	Draft
7	Employment Assistance / Wellness	100%	100%	100
8	Employment Equity	50%	60%	60%
9	Exit Management	40%	40%	40%
10	Grievance Procedures	100%	100%	100%
11	HIV/AIDS	65%	75%	80%
12	Human Resource and Development	40%	40%	40%
13	Information Technology	0%	0%	0%
14	Job Evaluation	50%	50%	50%
15	Leave	100%	100%	100%
16	Occupational Health and Safety	70%	70%	70%
17	Official Housing	0%	0%	revision of old
18	Official Journeys	100%	100%	100%
19	Official Transport to attend funerals	0%	0%	0%
20	Official Working Hours and Overtime	100%	100%	100%
21	Organisational Rights	100%	100%	100%
22	Payroll Deductions	65%	65%	65%
23	Performance Management and Development	0%	0%	0%
24	Recruitment, Selection and Appointments	75%	75%	75%
25	Remuneration Scales and	75%	75%	75%

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	allowances			
26	Resettlement	0%	0%	0%
27	Sexual Harrasement	100%	100%	100%
28	Skills Development	70%	70%	70%
29	Smoking	100%	100%	100%
30	Special Skills	100%	100%	100%
31	Work Organisation	0%	0%	0%
32	Uniforms and Protective Clothing	100%	100%	100%
33	Telephone Policy	100%	100%	100%

4.3 INJURIES, SICKNESS AND SUSPENSIONS

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY)		
2017/2018		
Salary Band	Total sick leave days	Proportion of sick leave without medical certification %
Lower skilled	600	79%
Skilled	20	3%
Highly Skilled	39	5%
Highly Skilled supervision	85	11%
MM and S57	15	2%
Total	759	

COMMENT ON INJURY AND SICK LEAVE:

No fatal accidents occurred in the work place. The municipality complied with the requirements of the Occupational Health and Safety Act. Training was provided to employees who work in confined spaces. Employees working with chemicals and those that are exposed to sewerage were sent for medical testing. Workers who became permanently incapacitated were assisted to apply to the pension funds for disability benefits.

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

No employees were suspended for fraud and theft. No cases were reported.

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4.4 PERFORMANCE REWARDS

No system for performance rewards is in place.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The main focus for the year was compliance with the Minimum Competency Regulations for Senior and Middle Managers. However, sufficient training was not done and necessary training still need to be done. Training for Councilors, LLF members, Infrastructure personnel and training on the new MSCOA Financial system from BCX consultants were done in 2017/2018.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

The personnel expenditure information is attached as per the Annual Financial Statements.

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

No posts were upgraded during the year and there was no variance from normal practice. Only placements onto the new Organogram were being finalised.

DISCLOSURES OF FINANCIAL INTERESTS

All directors and Councilors declared their financial interests as prescribed in the performance Regulation 805 of 2006.

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CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

This Key Performance Area is without any doubt the most important one, since no business or organization can fulfill its obligations without financial resources and sound financial management. The performance of Renosterberg Local Municipality during the year under review must be benchmarked against the performance during the previous financial years.

While the 20015/16 and 2016/17 saw a major improvement in the Audit opinion, it showed a drastic decline in both the administration and financial viability of the Council.

The Budget and IDP were approved within the time limits and further financial constraints were put in place to ensure that the Municipality can adhere to its obligations. The municipality is still depending on grants for any major projects.

The Annual Financial Statements provides an overview of the financial performance of the municipality for the year under review and focuses on the financial health of the municipality as at year-end 30 June 2018.

Summary of past year's audit opinions

2014/15	2015/16	2016/17
Disclaimer	Qualified	Qualified

[illegible]

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

[illegible]

[illegible]

[illegible]

[illegible]

[illegible][illegible]

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	-	-	-	-	34	1,070	64	64
Other revenue	-	-	-	-	-	-	-	-
Total 'Other' Revenue	-	-	-	8,800	-	1,070	64	64
EXPENDITURE ITEMS:								
18217574								
Employee related costs	-	-	-	-	18,956	-	11,091	10,989
Remuneration of councillors	1,957	2,096	2,350	2,350	-	-	2,738	2,738
Debt impairment	17,034	(2,221)	2,980	2,980	-	-	482	482
Depreciation & asset impairment	-	-	-	-	-	-	340	340
Finance charges	881	3,834	1,573	1,573	8,478	525	1,105	1,121
Bulk purchases	-	-	-	-	3,268	-	-	-
Other materials	4,313	2,309	3,679	3,679	138	538	67	70
Contracted services	-	-	-	-	2,271	-	413	413
Transfers and subsidies	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	2,047	-	-	-
Loss on disposal of PPE								
Post-retirement benefit obligations								
<i>sub-total</i>								
<u>Less: Employees costs capitalised to PPE</u>	24,184	6,018	10,582	10,582	42,220	1,063	16,237	16,154
Total 18217574	24,184	6,018	10,582	10,582	42,220	1,063	16,237	16,154
Contributions recognised - capital								
<i>List contributions by contract</i>								
Total Contributions recognised - capital	-	-	-	-	-	-	-	-

1. *Phragmites australis* (Cav.) Trin. ex Steud.

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List Other Expenditure by Type	43	75	53	374	618	119	20	496	55	100	83	606	485	32	1,173	252	250	326	5,166	5,565	5,565
Total 'Other' Expenditure	7,589	6,745	8,895	-	5,166	5,565	5,565														
Repairs and Maintenance by Expenditure Item																					
Employee related costs																					

[illegible][illegible]

Chapter 5

5.2 GRANTS

Grant Performance 2017/2018			
Description R '000	Budget	Actual	Variance %
Operational Grant:	29,079	26,274	90.35%
Equitable Share	26,734	23,640	88.43%
FMG	2,345	2,634	112.33%
Capital Grant:	25,027	22,437	89.65%
EPWP	1,000	1,330	132.98%
WSIG	13,000	10,000	76.92%
MIG	8,027	8,190	102.03%
INEP	3,000	2,916	97.22%

5.3 ASSET MANAGEMENT

The Asset Management Policy was revised during 2016/2017 and the process of updating and unbundling assets commenced in 2016/2017 and continued in 2017/2017.

Repairs and Maintenance: 2017/2018			
Descriptions	Budget	Actual	Variance %
Repairs and Maintenance	100,000	147,402	147%

Asset management is undertaken in terms of the MFMA and based on a comprehensive asset management policy that was revised during 2016/2017. The Asset Management Policy provides direction for management to monitor, purchase, account, control and dispose of Assets (PPE, Investment Property, Intangible Assets and Heritage Assets) to ensure that:

There is full implementation of the approved Asset Management Policy as required in terms of section 63 of the MFMA.

- To verify assets in possession of the Council annually and during the course of the financial year.
- To keep a complete and balanced record of all assets in possession of the Council.
- To ensure the report in writing of all asset losses, where applicable.
- Those assets are valued and accounted for in accordance with a statement of GRAP.
- Those assets are properly maintained and safeguarded.

Chapter 5

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

The funding for the capital budget is derived from Grants. All funds received were spent.

- MIG: R 8,190,318
- WSIG: R 10,000,000
- EPWP: R 1,329,776
- INEP: R 2,916,455

Description	Budget	Actual	Variance %
Capital Grant: Spending	25,027	22,437	89.65%
EPWP	1,000	1,330	132.98%
WSIG	13,000	10,000	76.92%
MIG	8,027	8,190	102.03%
INEP	3,000	2,916	97.22%

5.6 CAPITAL SPENDING ON 3 LARGEST PROJECTS

- New Waste Management Plant – Vanderkloof (WSIG)
- Paving of Street – All three Towns (MIG)
- Upgrading of Electricity Infrastructure – All three Towns (INEP)

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is the process of monitoring, analyzing, and adjusting the municipality's cash flows. The most important aspect of cash flow management is avoiding extended cash shortages, caused by having too great a gap between cash inflows and outflows

5.7 CASH FLOW

NC075 Renosterberg - Table A7 Consolidated Budgeted Cash Flows

Description R thousand	Current Year 2016/17		
	Original Budget	Adjusted Budget	Pre-audit outcome
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	1,148	1,148	1,613
Service charges	339	339	5,876
Other revenue	2,177	2,177	292
Government - operating	29,027	29,027	26,274
Government - capital	24,027	24,027	17,178
Interest	1	1	-
Dividends	6	6	-
Payments			
Suppliers and employees	(40,084)	(40,084)	(36,484)
Finance charges	(1,573)	(2,500)	(1,573)
Transfers and Grants	(4,210)	(4,210)	(9,003)
NET CASH FROM/(USED) OPERATING ACTIVITIES	(38,157)	(38,157)	(47,060)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Capital assets	(8,137)	(7,637)	(8,190)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(8,137)	(7,637)	(8,190)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowing	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(46,294)	(45,794)	(55,250)
Cash/cash equivalents at the year begin:			
Cash/cash equivalents at the year end:	10,431	10,931	(4,018)

Chapter 5

5.9 BORROWING AND INVESTMENTS

No funds were borrowed for the year under review.

COMPONENT D: OTHER FINANCIAL MATTERS

5.10 SUPPLY CHAIN MANAGEMENT

Due to the limited number of suppliers in the region it happens often that goods and services are procured from the sole suppliers.

The Supply Chain Policy was revised and updated to new Regulations in this regard. The municipality has made strides to ensure that the policies and procedures have been adhered to. Important vacancies have been filled, and computer software has been advanced to ensure transparency within the municipality. Turnaround strategies and Action Plans have been developed to address short comings in the SCM units and regular audits are performed to address potential risk in the municipality. The municipality prides itself in complying with the MFMA Act No 56 of 2003 and the SCM policy.

Other matters that we need to adhere to were the following:

1. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM Regulation 17(a) & (c). (Addressed in 2016/2017)
2. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).
3. Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM Regulation 43. (Addressed in 2015/2016)

5.8 GRAP COMPLIANCE

Renosterberg Municipality's Annual Financial Statements is fully GRAP compliant. The Financial Statements for 2015/2016 were compiled by the then Acting CFO Mr. D Molaole with assistance from Mokamoto Investment Holdings whose services was procured from another municipality's tender processes. The 2016/2017 AFS were also compiled by the Acting CFO Mss S September (Appointed 31 August 2017) with assistance from Mokamoto Holdings as well as the 2017/2018 AFS. GRAP is the acronym for Generally Recognized Accounting Practice. GRAP sets the rules and formats by which municipalities are required to maintain their financial accounts. Various GRAP standards have been incorporated in the Annual Financial Statements.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2016/2017

6.1 AUDITOR GENERAL REPORTS: 2016/2017 & PREVIOUS YEARS

Herewith a summary of the past years audit opinions and qualifications to compare and point out the major issues:

Year	2014/2015	2015/2016	2016/2017
Opinion	Disclaimer	Qualified	Qualified
PPE	x	x	X
Commitments	x	x	X
Revenue Exchange	x	x	X
Revenue Non Exchange	x		
Trade Receivables	x	x	X
LT. Liabilities	x		
Other Receivables	x	x	X
Taxes	x		
Investment Property	x		
Irregular	x	x	X
Contingent Liabilities	x	x	X
Trade Payables	x	x	
Unauthorized Expenditure	x	x	
Consumers		x	X
Expenses	x	x	X
Employee Benefits	x		
Fruitless Wasteful Expenditure	x	x	
Cash flow	x		
Prior Period Errors	x		
Provisions	x	x	X

Chapter 6

COMPONENT B: AUDITOR-GENERAL OPINION FOR 2017/2018

6.2 AUDITOR GENERAL REPORT 2017/2018

AUDIT OPINION FOR 2017/2018 – Audit still outstanding

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer).......... Dated

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Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of

GLOSSARY

	outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to

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	achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

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